

State Alternative Fuel Vehicle Incentives: What Works

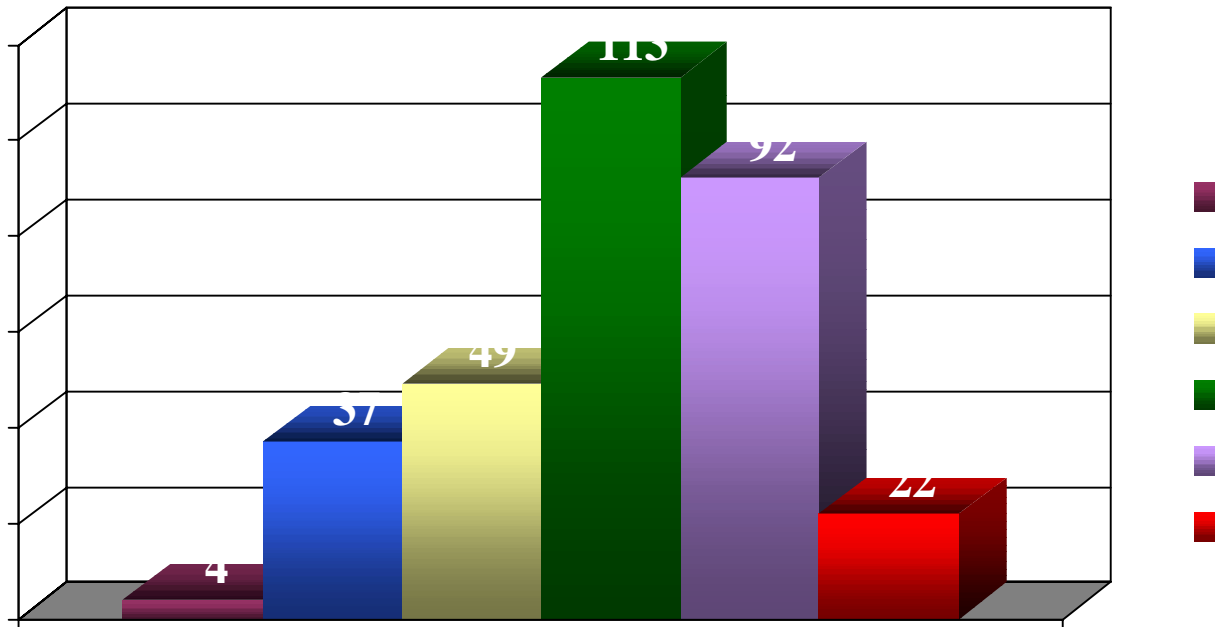


For This Study, NCSL:

- Surveyed Fleet Managers
- Interviewed Clean Cities Coordinators
- Interviewed Utility, Government, Fleet and Manufacturer Representatives
- Surveyed Tax and Grant Incentive Managers
- Conducted Case Studies of Numerous States
- Conducted Relevant Data Analyses



Survey Demographics





Incentives Must Be:

- Big Enough
- Easy to Use
- Focused on Infrastructure
- Focused on Fuel Use



General Factors Influencing Effectiveness of Incentives

- Technology availability.
- General climate:
 - Physical
 - Montana
 - Political
 - Arizona
- Availability of fuel.
- Gasoline prices.

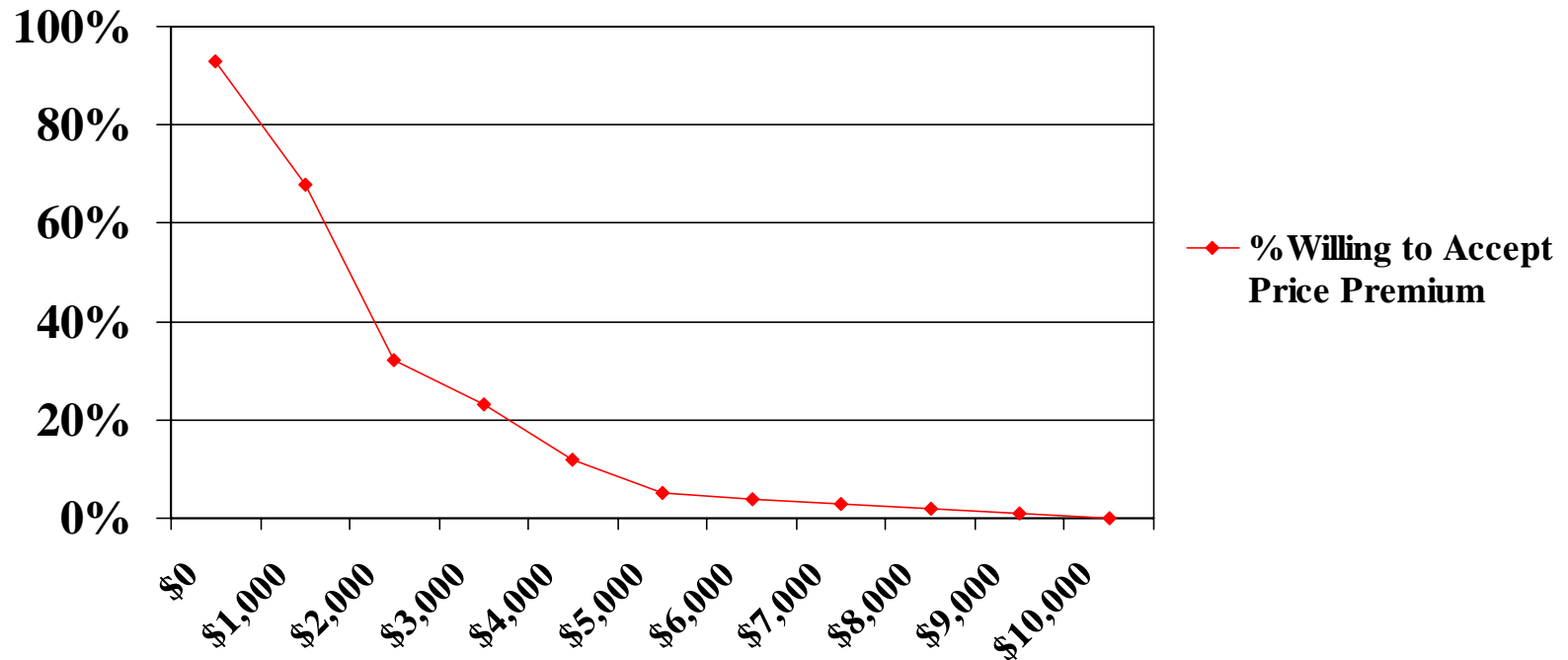


Big Enough

- Arizona offered a large incentive for vehicles
 - Low Speed Vehicles
- Incentives should achieve “Parity or Better”



Price Sensitivity of Retail EV Prospects (Ford Motor Company)



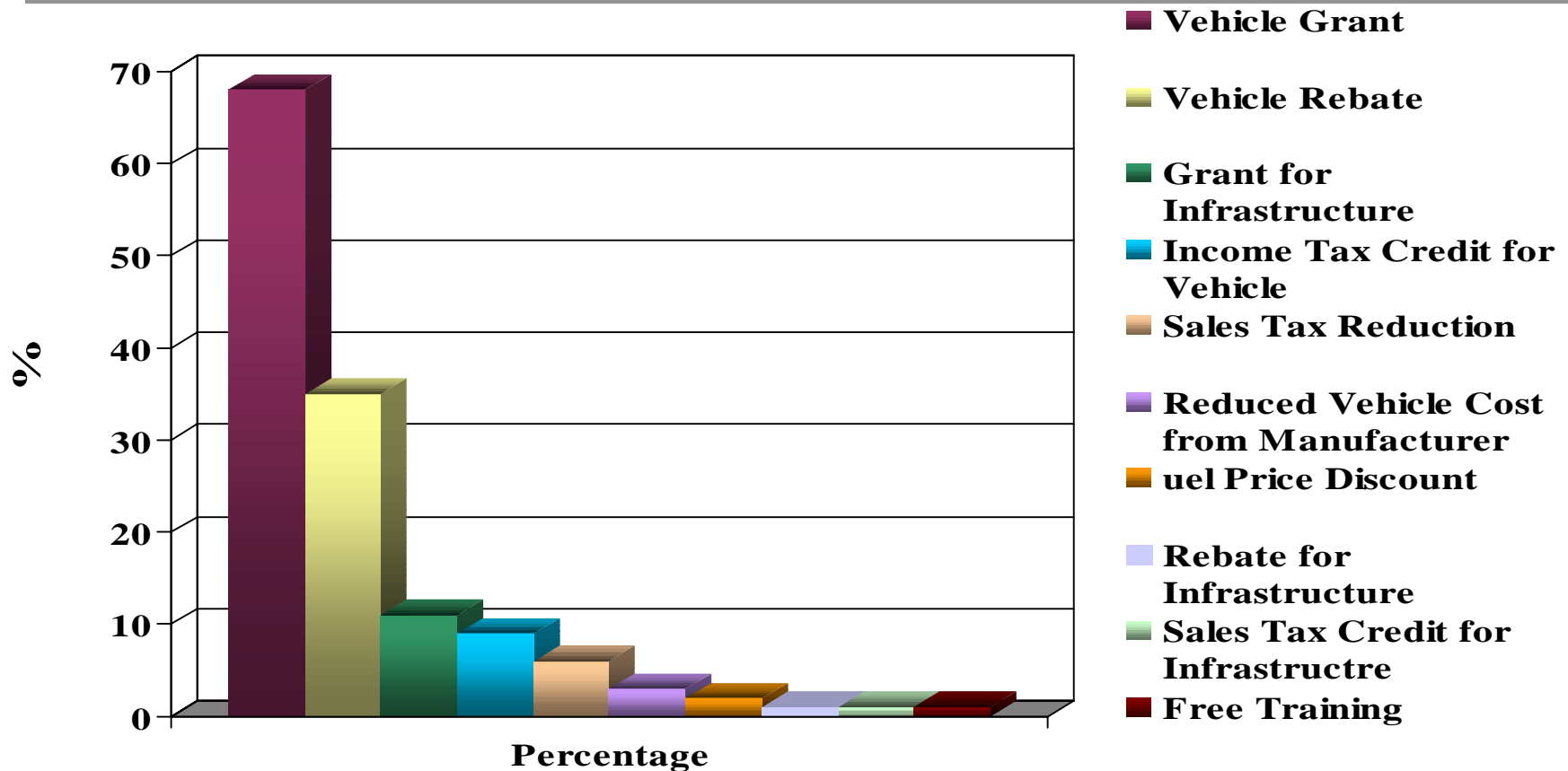


Easy to Use

- Grants and rebates are the easiest to use
- Receive at time of vehicle acquisition
- “Invisible” to consumer
 - CA example from South Coast Air Quality Management District

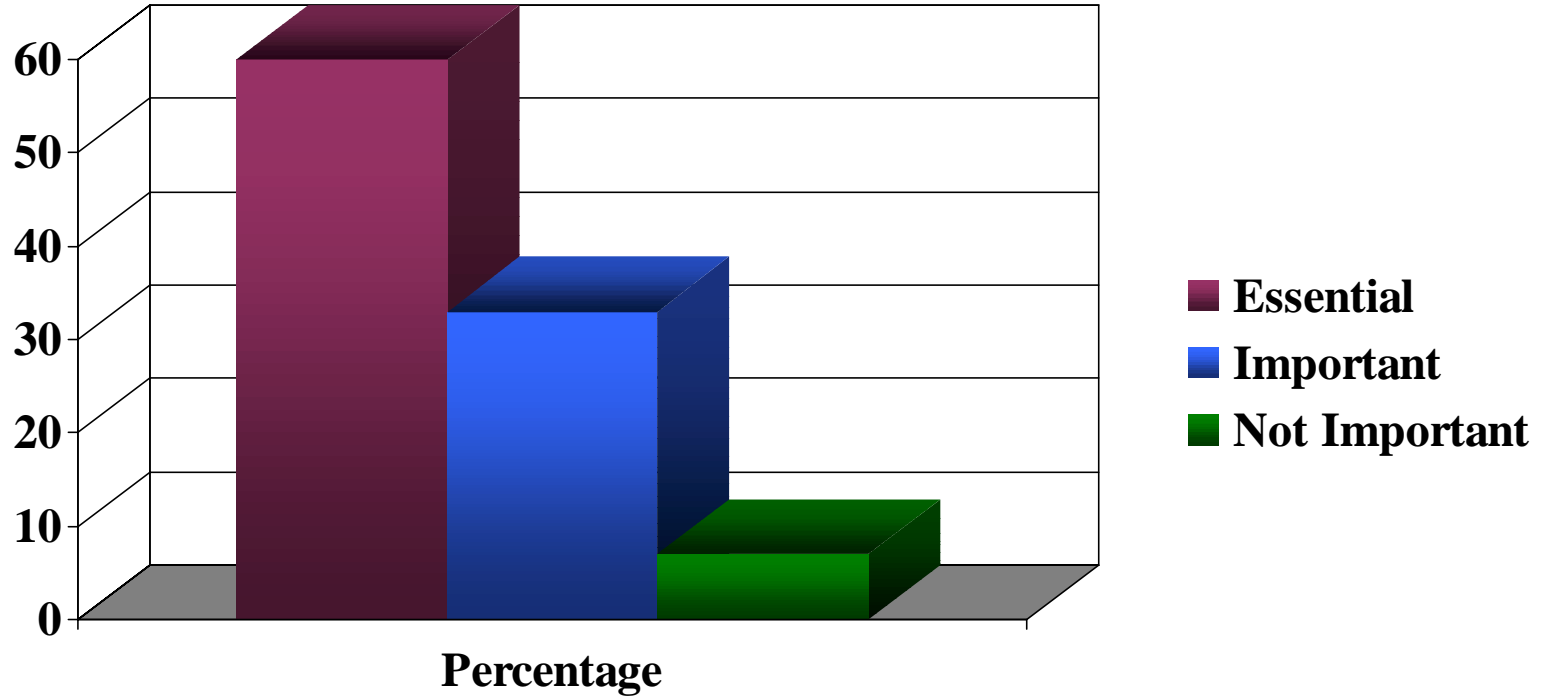


Which Incentives Were Used Most?



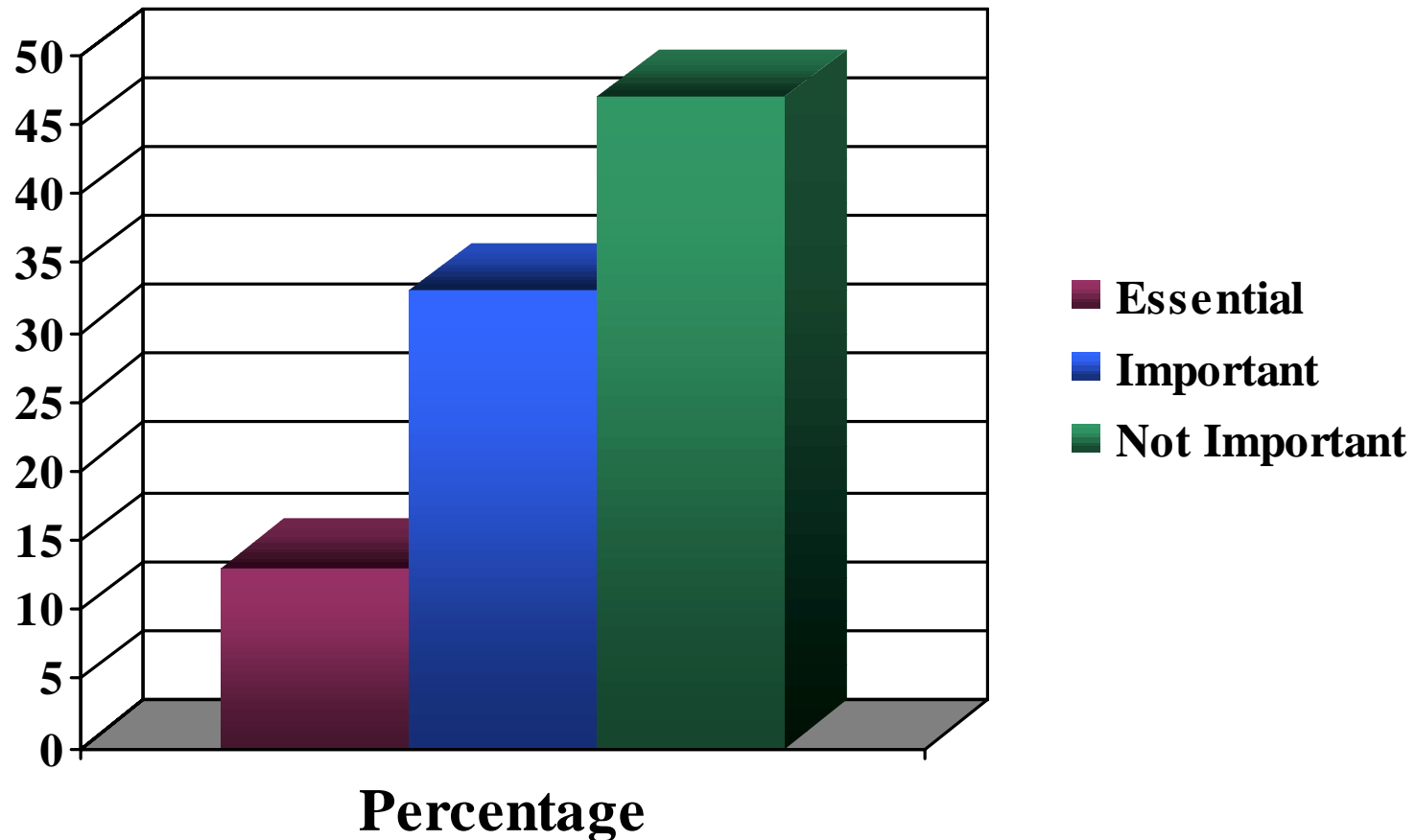


Importance of Grants to Vehicle Purchase



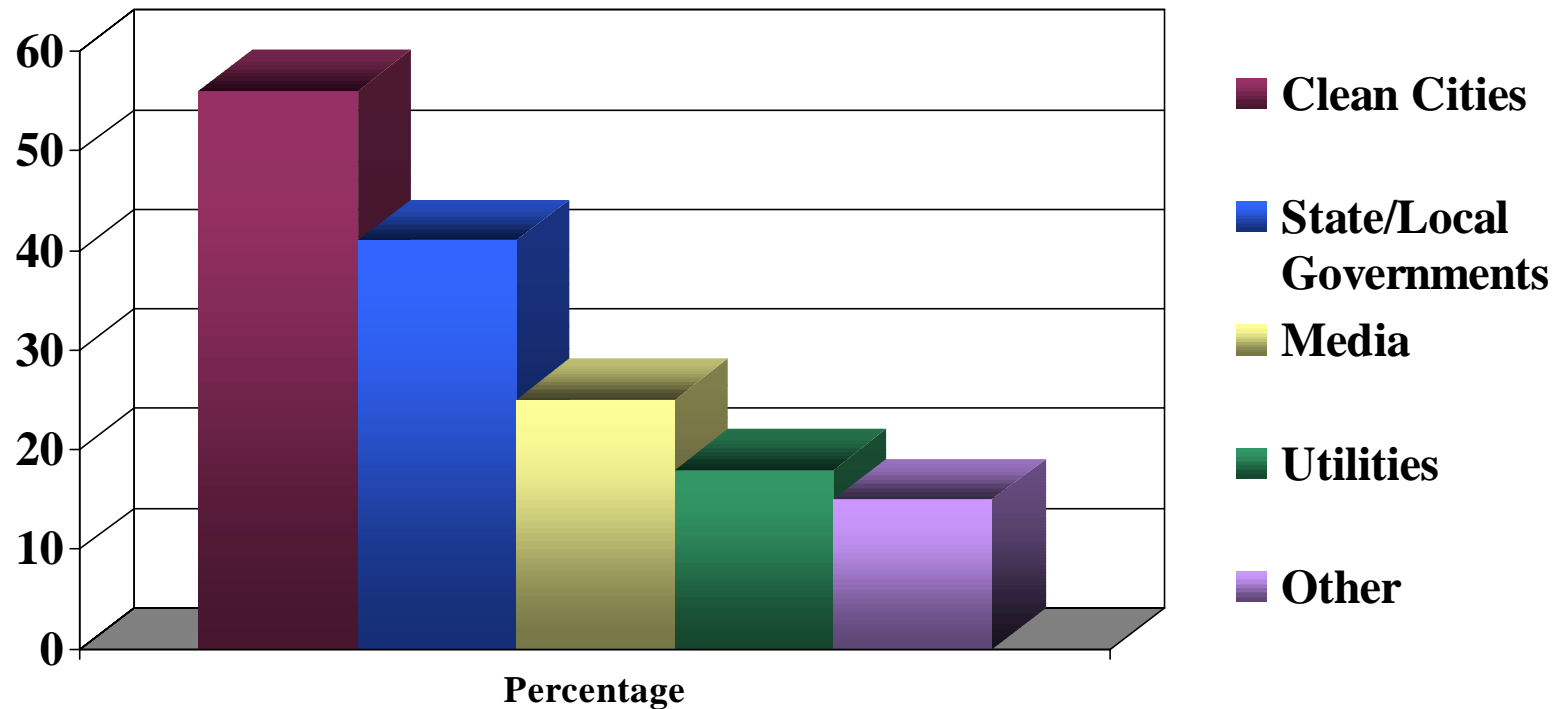


Importance of Tax Credit to Vehicle Purchase





How Do Consumers Find Out About Incentives?



“Other” includes National Association of Fleet Administrators, vehicle conferences, personal research, NGVC, GRI, NGRI, EEI, COG, AGA, and vehicle dealers.



Infrastructure

- Incentives are critical to the development of an AFV infrastructure.
- Incentive should be large enough to take into account a realistic prediction of the potential throughput.

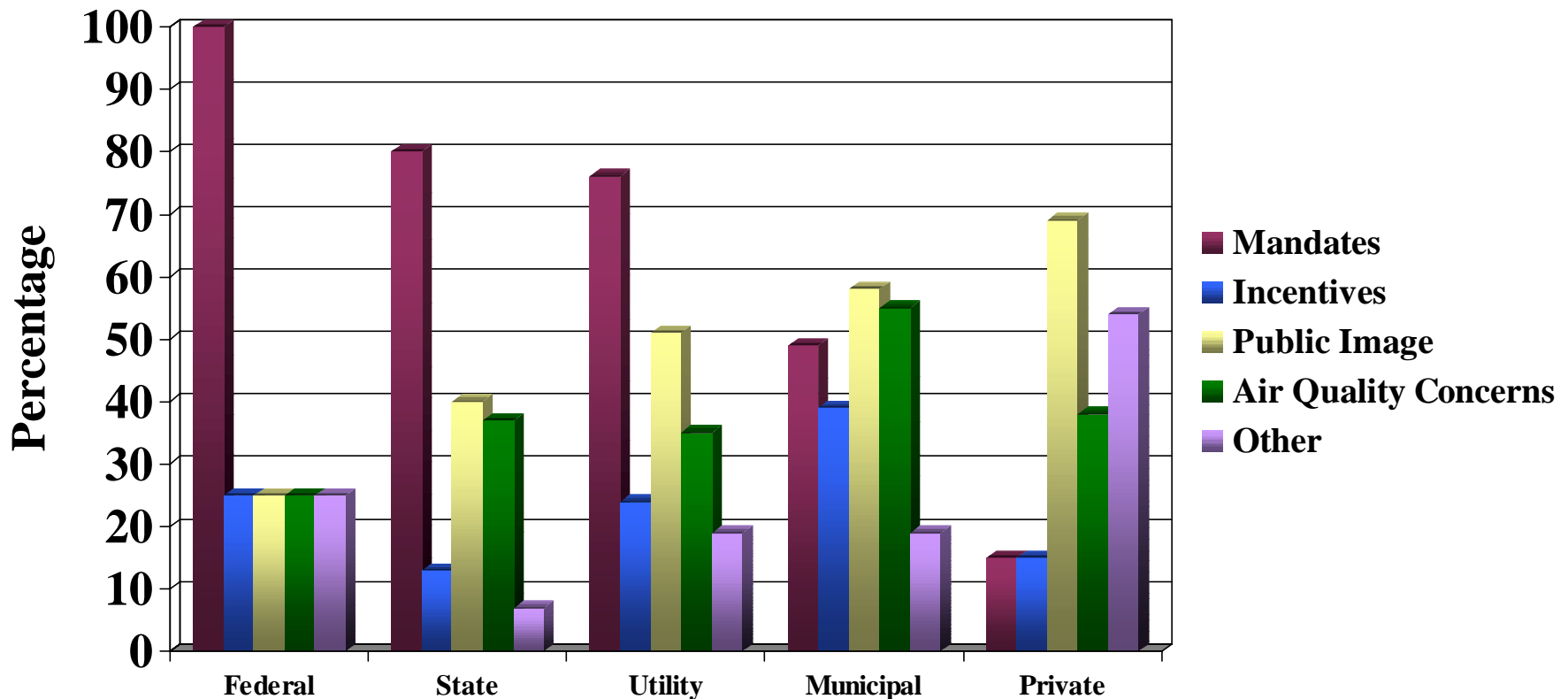


Fuel Use

- Flex/dual- fuel vehicles are often run on gasoline.
- Clean Fuel Fleet Program is not fuel specific and can be satisfied with conventional fuels.
- Incentives are now focused on vehicle purchase and not fuel use.



What Motivates Fleets to Buy AFVs?





State Leadership

- Leadership from the highest levels of government is essential to the success of an AFV program.
 - New York
 - Arizona
- Lack of success in Connecticut
 - CT did not have strong state leadership.



Model Programs

- Carl Moyer Program (CA)
 - Medium and Heavy Duty vehicles
 - Funds awarded based on cost efficiency standards (\$/ton of pollution offset)
 - Has more applications for funding than funds to give out.
 - Priority for alternative fuels.



Model Programs

- Arizona Incentive Program
 - Large incentive amounts
 - Funds for used vehicles
 - Incremental funding by emission level
 - Funds for infrastructure
 - Sales tax exemption
 - Reduced AFV License tax
 - Fuel use tax exemption
 - HOV lane use



Involving State Legislators

- Recognize legislative schedule constraints.
- Initiate face-to-face meetings with legislators.
- Add legislators to your mailing lists.
- Directly involve legislators in Clean Cities' events and meetings.